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*"To enrich lives through effective and caring service"*

July 31, 2014

To: Audit Committee

From: Jim Jones   
Director

Subject: **REVIEW OF BOARD POLICY NO. 3.035  
SMALL BUSINESS PAYMENT LIAISON AND PROMPT PAYMENT PROGRAM**

Based on the request of the Executive Office, the Internal Services Department, in conjunction with the County Counsel and Auditor-Controller, has reviewed Board Policy 3.035 – Small Business Payment Liaison and Prompt Payment Program

At this time, we are recommending the following change to the policy and have included the recommended change in red-line version:

- Change in language of *office* to *principal place of business*;
- Change is federal website from CCR to SAM;
- Date Issued/Sunset Date Section - extend the sunset review date to *October 17, 2018*.

If you have any questions regarding this request, please contact Joe Sandoval at (323) 267-2901 or at [jsandoval@isd.lacounty.gov](mailto:jsandoval@isd.lacounty.gov).

JJ:JS:gp

Attachment

c: Executive Officer, Board of Supervisors  
Chief Executive Officer  
County Counsel



# Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
3.035	Small Business Payment Liaison and Prompt Payment Program	10/17/06

## PURPOSE

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To establish a Countywide Small Business Payment Liaison within the Department of Auditor-Controller that will provide a single point of contact for County certified Local Small Business Enterprises (SBE) to address payment delays or issues; and to institute a Prompt Payment Program that affirms the County's intent to pay certified Local SBEs for goods and services within 15 calendar days of receipt of an undisputed and approved invoice.

With up to 40 separate County departments to deal with, many Small Businesses experience invoice and payment related issues and delays by having to navigate through varying processes used by the individual departments, and in many cases, by not knowing or communicating with the appropriate department contact(s).

By providing a single point of contact in the Department of Auditor-Controller, certified Local SBEs will be afforded the opportunity to address payment issues at a central location within the County. The Liaison will be responsible to coordinate actions and/or resolution with the appropriate County department(s).

Additionally, timely payments are a key to attracting small business to do business with the County because of cash flow requirements. The Prompt Payment Program is designed to attract and encourage more small businesses to participate in the Local Small Business Enterprise Preference Program.

## REFERENCE

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Los Angeles County Code [Chapter 2.204](#)

1997 Bold Steps Forward Report

October 17, 2006 [Board Order No. 26](#)

## POLICY

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It is the policy of the Board of Supervisors that the County will maintain a single point of contact for invoice, payment or other issues as it relates to County certified Local Small

Business Enterprises (SBE), and that it be the intent of County departments to promptly pay certified Local SBEs for goods or services received within 15 calendar days after a vendor invoice(s) have been properly matched against a receiving report or shipping document.

### Definition

A certified, Local SBE is defined as those small businesses enrolled and approved to participate in the Local SBE Preference Program pursuant to Los Angeles County Code, Chapter 2.204, adopted by the Board on July 23, 2002. This program is modeled on the State of California's small business preference program and utilizes the State's certification of small business status as a requirement for the County's certification of Local SBE status. In addition to State certification, the County's Local SBE Program requires a small business to have its principal [office-place of business](#) currently located within the County for a period of at least the past twelve months. Alternatively, in federally funded County solicitations subject to the Federal restriction on geographical preferences, instead of State certification and a principal office located in Los Angeles County, a business must be certified as small by the SBA (Small Business Administration) ~~or~~ and be registered as small business on the federal [Central Contractor Registration System for Award Management \(SAM\)](#) data base.

### Countywide Small Business Payment Liaison

The County's Small Business Payment Liaison function and position will be assigned to and perform duties within the Department of Auditor-Controller. The duties and responsibilities of the position will be to assist Local certified SBEs with invoice and related issues pertaining to County purchase orders and contracts. The Liaison will be the County's central point of contact for certified Local SBEs and will be responsible for coordinating the actions required to resolve issues with the respective County department.

### Prompt Payment Program

It is the intent of the County that Certified Local SBEs will receive prompt payment for goods and/or services they provide to County departments. Prompt payment is defined as 15 calendar days after receipt of an undisputed invoice that has been properly matched against a receiving or shipping document, service deliverable or payment schedule, or any other validation of receipt document.

The Internal Services Department/Office of Small Business will be responsible to establish Countywide procedural mechanism to identify Local SBE invoices, and inform vendors of the program through electronic means as well as through existing, and ongoing vendor training programs and workshops.

### Exceptions

The Prompt Payment program shall apply to, and include all Purchase Orders and Contracts between the County and a Local SBE, except where State or Federal law has preempted the regulation of those Purchase Orders and Contracts. In such cases, the State or Federal mandates shall take precedence.

## RESPONSIBLE DEPARTMENT

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Internal Services Department

Auditor-Controller

County Counsel

## DATE ISSUED/SUNSET DATE

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Issue Date: October 17, 2006

Review Date: October 21, 2010

Review Date: ~~October~~August 20, 2014

Sunset Date: October 17, 2010

Sunset Date: October 17, 2014

Sunset Date: October 17, 2018